EATON RAISES RED FLAG ON GLOBAL WARMING

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Body

The earth's atmosphere is a greenhouse. In the past decade or so, there has been a growing concern that the concentration of gases in the atmosphere is increasing and that, as a result, the world is getting warmer.

If the greenhouse is heating up, we need to know it. If it's heating too much because of gases we are putting into the air, we probably need to do something.

However, there is by no means a scientific consensus on this issue. The most accurate current description of the science of global warming is "uncertain."

But let's assume that those gases are increasing and that we will have a problem down the road. What do we do to stop the process? Cars and trucks accounted for just 12 percent of the energy consumed in the United States in 1995. So we're part of the problem. But a small part.

Next December in Kyoto, Japan, under the auspices of the United Nations, representatives of most countries will consider a treaty intended to slow the rate of global warming. The operative assumption is that the world is getting warmer and that the human population is contributing to it.

That treaty would significantly impact the lives of every American, every day. It would affect your income, how you heat your house, what kind of car you drive and, more importantly, whether you can start a new business.

Simply put, the treaty would impose legally binding limitations on the amount of fossil-fuel energy we use. Let me emphasize the "we." It means Americans, Europeans, Canadians and citizens of other developed countries.

All the developing countries would not be on any kind of an energy diet, and 130 of the 165 countries in the U.N. negotiations are developing countries, even though they will produce more than half of the manmade greenhouse gases by 2000 and are expected to produce 75 percent by the end of the next century.

In order to reach the targets proposed by the European Union - 15 percent below 1990 levels -we're talking about dialing back U.S. energy consumption 30 percent by 2010.

This makes no sense from an environmental standpoint because it won't significantly reduce worldwide carbon dioxide; it just means more comes from places like Asia and less from here.

It makes even less sense from an economic standpoint - at least from an American economic standpoint - because it will obviously shift production and jobs away from the First to the Third World where energy will be unrestricted and cheap.

If we have a warming problem, it's a global problem and can be dealt with only through concerted global action. I think it would be a big mistake for the United States to sign a treaty binding us to reduced energy consumption with

specific targets and timetables while competitors around the world - with whom we already run enormous trade deficits - have no restrictions whatsoever.

How did we get where we are today?

In the Rio Treaty in 1992, we and other developed countries "volunteered" to reduce our energy consumption. At a 1996 meeting in Geneva, the U.S. recommended that the "voluntary" measures by the developed nations become "mandatory," that is, legally binding. The vote on those mandatory measures is scheduled to take place in Kyoto in December.

I'm concerned that if the administration agrees to mandatory actions, the United States could well turn out to be the only country - developed or not - to adhere to them. After all, who's going to police this thing?

One thing I've learned in my career - usually the hard way - is that you can't mandate technology. California tried to do it with the electric car. We tried to tell them the battery technology wasn't there. They said do it anyway and by a certain date. We worked very hard at it.

The deadline approached, and they finally realized that they would be forcing vehicles on Californians that might go 80 miles under perfect conditions and half of that if they ran into any hills, and that a "fill-up" might take eight hours. They changed their minds at the last minute, but only after a lot of wasted time and money by a lot of people.

Mandating technology - firm dates, firm costs, firm performance data and all the rest - just doesn't work.

I want to suggest one approach to global warming that wouldn't mandate anything but would maximize the country's scientific and technological resources and also maximize the likelihood of success.

It's the Partnership for a New Generation of Vehicles, the Big 3-federal effort to produce a car early in the next century that will get about 80 mpg with roughly the same performance and cost as a mid-sized family sedan of today.

PNGV is the auto industry's contribution to dealing with the climate change issue. It will result in a prototype that will produce less than half the carbon dioxide of the average car today.

Why not a similar approach to tackle the whole global warming issue?

Committing the entire country to the massive job of controlling the climate without first knowing whether it can be done and, if so, how, makes no sense.

Excerpts from a June 26 address to the Mid-America Committee for International Business and Government Cooperation Inc. in Chicago.

Graphic

Robert Eaton is chairman and CEO of Chrysler Corp.

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